Mr. Bruce

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DEPARTMENT OF STATE

SECRET SECURITY INFORMATION

Memorandum of Conversation

DATE:

April 25, 1952
11:00 a.m.-12:30 p.m.

SUBJECT:

Consultation with European Subcommittee of Senate Foreign Relations Committee on German Contractual Arrangements and European Defense Community.

PARTICIPANTS:

Senator J. William Fulbright (D, Ark.)
Senator Tom Connally (D, Tex.)
Senator Alexander Wiley (R, Wisc.)
Under Secretary Bruce
Assistant Secretary McFall
Mr. Geoffrey Lewis, Acting Director, Bur. of German Affairs
Dr. Francis O. Wilcox, Chief of Staff, SFRC
Dr. T. V. Kalijarvi, Staff Associate, SFRC
Miss Mary Proctor, Asst. Clerk, SFRC
Mr. Horace Smith, Senate Liaison Officer

COPIES TO:

U - Mr. Bruce
H - Mr. McFall
EUR - Mr. Perkins
GER - Mr. Lewis
S/MSA - Ambassador Cowan

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REVIEWED BY CEC DATE 7-1-81
XD or XD GADS GOVERNMENT PRINTING OFFICE 16—61120-1
TS AUTH. REASON(S)
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Mr. Bruce stated that he wished to inform the Committee concerning developments on two closely related matters of great importance: (1) The European Defense Community (EDC) and (2) the lifting of our occupation statute to enter into certain contractual relations with the German Republic.

The EDC had been proposed by the French as a method of obtaining a German contribution to an international army since they and other European countries objected to granting the Germans membership in NATO, at least for the present. The contractual agreements, on which Mr. Lewis would speak in more detail, constitute a necessary accompanying step if the Germans are to be asked to participate freely in the European Defense System as allies.

A SHAPE decision that the smallest effective national unit that could be utilized in a unified European Defense Force was one of 12-13000 men with coordination at the Corps rather than the Division level had provided the pattern for the solution of one of the most difficult questions to be decided. Subsequent conferences with representatives from possible member and observer states, with a SHAPE observer cooperating, had decided that the grouping should consist of three to four such units of different nationalities, totalling with support some 80,000 men per group, all wearing the same uniforms, equipped with the same weapons and subject to the same international or "supernational" command. The European Army system had been tentatively worked out in considerable detail with all the present land and air units of each of the six countries concerned--

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France, Italy, Germany, Belgium, the Netherlands, and Luxembourg--scheduled for incorporation in the European Army with the exception only of troops subtracted for assignment to the protection of overseas territories or of areas of international interest (such as Berlin, Vienna or Trieste) and sea-going units of Naval forces. Tactical Air Forces would be under separate command but under the general direction of the Joint International Defense Commissariate. Under the direction of this Commissariate, SHAPE would act in command of the international European army in much the same manner that each national General Staff now acts under its individual National Defense Minister..

The Commissariate would consist of nine members appointed with the approval of all participating governments to serve the group as a whole rather than to represent any one member country. Its members could hold no concurrent national job. This international Commissariate would be subject to certain checks by the Council of Ministers made up of representatives appointed by each state and serving as cabinet ministers of the appointing states, and by the General Assembly, whose members would be elected by the people of the member states and have the power to depose members of the Commissariate. They would also be subject to checks by the Court of Justice, which is similar in function to that suggested under the Schuman Plan.

The President elected from among their number by the nine members of the Commissariate would, it is hoped, exercise considerable real executive power with centralized control over financing the joint defense effort, subject to necessary individual national parliamentary support, and over procurement. This last was perhaps the most significant and most hopeful of the powers allotted to the Commissariate at the moment because (1) of the possibility it affords of reducing duplication of facilities by breaking down the existing uneconomic tendency for each state to try to become as self-sufficient as possible in apparatus for military production and (2) the possibility it affords of broadened and deepened standardization throughout the area in all fields.

It is important to note that within six months the General Assembly has the responsibility of submitting a report recommending the political structure which is desired permanently. In the present "pre-federal" period the Commissariate has no power to enforce a tax collection once it is approved by the member state; the member state making no contribution of troops can have no army at home, though its police, as such, are outside the arrangement. It is hoped, however, that after a period of trial the member states would be willing to grant the Commissariate power to enforce a tax collection once approved, and that a true federation or confederation of the states concerned would quickly result. In any event, the first years financing will be agreed upon before the effort is started, and once the EDC is moving its troops about throughout the countries concerned, other unifying results may be expected.

Great Britain, while promising and giving evidence of active sympathy and cooperation is unwilling to join the organization. It may be expected,

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however, to support it with training facilities and material to the extent that it promises success. The British policy is a very pragmatic one.

Mr. Bruce explained that it was hoped to sign the contractual arrangements in Bonn and the Defense Treaty in Paris within 24 hours of each other in order to avoid many knotty problems. Probably shortly after May 15 agreement will be reached as to the details where the allies and the Germans are still at variance and both agreements will be ready for signature and submission to national parliaments for ratification.

The big problem which this joint operation covers arises from the fact that Germany is not a member of NATO and so not covered by NATO guarantees of aid if attacked. Similarly, Germany is not under any obligation to help resist attacks made on NATO members. Britain is already covered by the Brussels agreement, but we are not. It is in the extension and receipt of this guarantee that the U.S. is affected individually more than by any other feature of the proposed agreements. The new agreements provide that in case of an attack against either NATO or EDC the one organization will come to the defense of the other. This is provided by a paragraph in the two-page draft protocol read in part by Mr. Bruce.

With regard to the contractual arrangements with Germany, Mr. Lewis explained that they consisted of a brief general agreement, a charter for an arbitration tribunal, a convention on economic and financial participation of the Federal Republic, a convention on rights and obligations of the Allied Forces stationed in Germany, and a convention on certain acts and interests of the Allies in Germany. The general agreement is a brief document setting forth the policy which governs the whole arrangement. It and the charter of the arbitration tribunal, established to arbitrate disputes arising under the conventions, would be submitted to the Senate for ratification in the same manner as the treaty after signature by representatives of the governments concerned. Mr. Lewis pointed out the most significant parts of the general convention, mentioning particularly Articles II, V, VI, and XI. He also noted that the German Federal Republic would continue to pay a diminishing part of our military costs which are now known as occupation costs and an increasing part for the support of the EDC. Finally, he briefly described the subsidiary conventions, noting that they mainly consisted of obligations which the Germans would assume. There was left with the Committee staff a copy of the April 17, 1952 draft general agreement, less the preamble, and the latest complete versions of the other conventions, all classified as secret, and three copies of a restricted memorandum describing these arrangements. It was explained that the conventions were under intensive negotiation and that many changes had taken place since receipt of the documents left with the Committee.

Comment

Senator Fulbright found in the EDC plan a great step toward a possible true federation, provided all went well during the period of the first year or two of "confederation" when each nation felt it necessary to jealously reserve powers it might later be willing to grant confidently to a supra-national power subject only to limited checks. He pointed out that while there had been previous consultation on the contractual arrangements with Germany and general discussion of the European Defense problem there had not before been discussion of the EDC. He wanted to know if it was possible yet to give the Committee members a more completely rounded picture of our plans for EDC. Mr. Bruce replied that the time had not yet come but was, he thought, fast approaching when arrangements would be sufficiently jelled

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to do so.

Senator Fulbright felt that we may be left having spent here the money to make a tank to give a partner country which could better be spent in the partner country. He felt that the Defense Department and MSA could not be expected to protect adequately the long-run economy of the United States without positive State Department intervention to see that, in emphasizing end item production here, the U.S. did not cause our partner nations to have to undertake costly east-west trade to keep industries and populations alive that might better be working on production of end items or parts thereof. Mr. Bruce indicated that MSA had this matter under study and that he himself had given it much thought as he had to our position on the European Payments Union (EPU). Senator Fulbright agreed with Mr. Bruce that it was important, as our Treasury had decided, to insist that no further U.S. advance be made to the EPU at this time to carry heavy European imbalances in payments. European funds should be found.

Senator Connally found important the fact that the taxing authority for the EDC is retained by the member states and that operational command of national troops is also retained. He was interested in the fact that our cost of maintaining troops in Germany would gradually increase as the German contribution decreased. Mr. Bruce made it clear that we had agreed with the British and French not to unilaterally surrender our rights to occupation costs.

Senator Wiley found important the fact that every member of the Commissariate was to be subject to unanimous approval by the member states and to be subject to checks and impeachment or removal by the state-appointed Council of Ministers and the popularly elected General Assembly. He hoped that a real centralized executive power could be developed to reduce duplications and barriers to efficient cooperation.

All three Senators and the two staff members expressed appreciation for the frankness and clarity with which the two problems were presented.

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